

Message Text

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PAGE 01 EC BRU 03187 01 OF 02 171911Z

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ACTION EUR-25

INFO OCT-01 IO-14 ISO-00 EURE-00 SS-20 SP-03 EB-11 INR-10

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O R 171538Z MAY 74

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC IMMEDIATE 6891

INFO AMEMBASSY BONN IMMEDIATE

AMEMBASSY BRUSSELS IMMEDIATE

AMEMBASSY COPENHAGEN IMMEDIATE

AMEMBASSY DUBLIN IMMEDIATE

AMEMBASSY THE HAGUE IMMEDIATE

AMEMBASSY LONDON IMMEDIATE

AMEMBASSY LUXEMBOURG IMMEDIATE

AMEMBASSY PARIS IMMEDIATE

AMEMBASSY ROME IMMEDIATE

US MISSION GENEVA 5960

US MISSION OECD PARIS

C O N F I D E N T I A L SECTION 1 OF 2 EC BRUSSELS 3187

C O R R E C T E D C O P Y (TEXT)

E.O. 11652: GDS

TAGS: ETRD, GATT, US, EEC

SUBJ: ARTICL XXIV:6 NEGOTIATIONS -- EC PERM REPS

MEETING MAY 16 AND SOAMES' VIEWS

REF: (A) EC BRUSSELS 3029 (NOTAL); (B) EC BRUSSELS 3133 (NOTAL)

1. SUMMARY. ON M6 16N THE EC COMMITTEE OF PERMANENT REPRESENTATIVES HAD ITS INITIAL DISCUSSION OF THE LATEST PROPOSED PACKAGE SETTLEMENT FOR THE ARTICLE XXIV:6 NEGOTIATIONS. THE EC COMMISSION ADVISED THE PERM REPS THAT THE US WOULD BE PREPARED TO SETTLE ON THE BASIS OF THIS PACKAGE AND THAT ANY DEPARTURE FROM IT WOULD
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PAGE 02 EC BRU 03187 01 OF 02 171911Z

INVOLVE SERIOUS RISKS AND DANGERS. IN THE PERM REP

DISCUSSION WE UNDERSTAND THAT ITALY AND BELGIUM EXPRESSED SERIOUS RESERVATIONS ABOUT A RANGE OF ITEMS AND THE FRENCH MADE NEGATIVE NOISES WITHOUT TAKING DETAILED POSITIONS. THE OTHER MEMBER STATES WITHER SUPPORTED THE PACKAGE OR INDICATED THEY COULD ACCEPT IT (WITH APPARENTLY ONE SMALL QUESTION ON THE PART OF THE NETHERLANDS AND AN AD REF ACCEPTANCE BY IRELAND). THE DISCUSSION HAS BEEN CARRIED OVER TO TUESDAY, MAY 21. SOAMES HAS EXPRESSED TO AMBASSADOR GREENWALD HIS DEEP DISAPPOINTMENT OVER THE OUTCOME. HE SAYS THE COMMISSION WILL STICK TO ITS LINE THAT THE PACKAGE MUST BE PRESERVED INTACT AND CONTINUE TO PRESS FOR MEMBER STATE AGREEMENT AS THE ONLY ACCEPTABLE BASIS FOR SETTLING THIS ISSUE WITH THE US. END SUMMARY.

2. THE EC COMMISSION, REPRESENTED BY HIJZEN AND WELLENSTEIN, EXPLAINED THE RATIONALE FOR THE PACKAGE; EMPHASIZED THE URGENCY OF THE MATTER; AND STATED THAT THEY HAD BEEN INFORMED THAT THE US WOULD BE PREPARED TO SETTLE ON THIS BASIS. THEY INDICATED THAT THE NINE WOULD HAVE TO FACE THEIR POLITICAL RESPONSIBILITIES AND THAT THE COMMISSION WAS CONVINCED, FOLLOWING THE LENGTHY US-COMMISSION DISCUSSIONS THAT HAVE TAKEN PLACE, THAT THE US WOULD NOT RPT NOT BE PREPARED TO SETTLE ON ANY OTHER BASIS.

3. ACCORDING TO OUR INFORMATION (FROM A PRIVILEGED SOURCE), THE UK, THE FRG, DENMARK AND LUXEMBOURG INDICATED THEY EITHER SUPPORTED OR COULD ACCEPT THE COMMISSION'S PACKAGE PROPOSAL (REFTELS). THE IRISH, WHILE WITHOUT FINAL INSTRUCTIONS, BELIEVED DUBLIN WOULD ACCEPT. THE NETHERLANDS INDICATED ACCEPTANCE EXCEPT FOR A QUESTION ABOUT ONE ITEM REGARDING WHICH WE DO NOT YET HAVE DETAILS.

4. ITALY MAINTAINED OBJECTIONS OR RAISED QUESTIONS ABOUT VARIOUS ITEMS, INCLUDING TOBACCO, DRAFT AND SOME INDUSTRIAL EQUIPMENT. BELGIUM MAINTAINED OBJECTIONS ON SEVERAL ITEMS, INCLUDING OUTBOARD MOTORS, SCRAPERS, AND CERTAIN CATEGORIES OF FILM.

5. WE UNDERSTAND THAT FRANCE INDICATED THAT IT HAD NO
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PAGE 03 EC BRU 03187 01 OF 02 171911Z

PRECISE INSTRUCTIONS BUT ANTICIPATED PROBLEMS SIMILAR TO THOSE RAISED BY ITALY.

6. WHEN IT BECAME CLEAR THAT THE MATTER COULD NOT BE SETTLED ON THE SPOT, THE PERM REPS DECIDED TO CARRY THE SUBJECT OVER TO TUESDAY, MAY 21

7. FOLLOWING FIRST REPORTS THAT THE FPERM REPS HAD

FAILED TO ACCEPT THE PACKAGE ON MAY 16, AMBASSADOR GREENWALD CALLED SOAMES' CHEF DE CABINET AT MIDNIGHT TO REQUEST AN URGENT MEETING WITH SOAMES AS EARLY AS POSSIBLE MAY 17.

8. SOAMES, WITH HIJZEN AND HANNAY PRESENT, OPENED THE MEETING WITH THE STATEMENT THAT FAILURE TO SETTLE THE MATTER THIS WEEK WAS OBVIOUSLY A BIG DISAPPOINTMENT TO HIM AS IT WOULD BE TO WASHINGTON. HE STILL FELT THE BEST OUTCOME WOULD HAVE BEEN A POSITIVE DECISION THIS WEEK. THE BROAD OBJECTIONS (BOTH COUNTRIES AND ITEMS) REVEALED AT THE PERM REPS MEETING SUGGESTED THAT HE HAD UNDERESTIMATED THE TIME NECESSARY TO BRING THE MEMBER STATES AROUND TO ACCEPT A PACKAGE WHICH DIFFERED SIGNIFICANTLY FROM THE PREVIOUS ONE PUT FORWARD BY THE COMMISSION.

9. THE NATURE OF THE MEMBER STATE REACTIONS LED SOAMES TO CONCLUDE THAT THERE WAS NO ALTERNATIVE FOR THE COMMISSION TO MAINTAINING ITS POSITION THAT THE ONLY WAY TO CARRY OUT THE POLITICAL DECISION OF THE COUNCIL OF MINISTERS TO REACH A CONCLUSION IN THE ARTICLE XVIII:6 NEGOTIATIONS WAS TO ACHIEVE ACCEPTANCE OF THE PACKAGE CIRCULATED ON MAY 15. IF THE US AGREED, HE WOULD CONTINUE TO PRESS THIS LINE. IF THERE HAD BEEN OBJECTIONS TO JUST ONE OR TWO ITEMS, THEN HE MIGHT TRY TO NEGOTIATE FURTHER WITH THE US. BUT THIS WAS NOT THE CASE. HIJZEN ADDED THAT HE HAD ALREADY TOLD THE PERM REPS THERE WAS NO POINT TO TRYING TO FIND SUBSTITUTE ITEMS WHICH WOULD JUST RAISE OBJECTIONS ELSEWHERE. THE PROPOSED PACKAGE CAUSED DIFFICULTIES ON BOTH SIDES BUT IT WAS THE ONLY POSSIBLE BASIS FOR SETTLEMENT.

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PAGE 04 EC BRU 03187 01 OF 02 171911Z

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PAGE 01 EC BRU 03187 02 OF 02 171720Z

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C O N F I D E N T I A L SECTION 02 OF 02 EC BRUSSELS 3187

10 AMBASSADOR GREENWALD EXPRESSED HIS OWN REGRET AT THE UNFORTUNATE OUTCOME AND SERIOUS CONCERN ABOUT FURTHER DELAY. WASHINGTON WOULD BE CONCERNED ABOUT TIMING, NOT ONLY FOR THE USUAL REASONS RELATING TO CONGRESSIONAL ACTION ON THE TRA AND OUR INTERNAL PROCEDURAL REQUIREMENTS, BUT ALSO BECAUSE WOAMES HIMSELF HAD EMPHASIZED THE IMPORTANCE OF GETTING A DECISION BEFORE THE FRENCH ELECTIONS ON SUNDAY. IN VIEW OF THIS HISTORY, WASHINGTON WOULD HAVE TO BE PERSUADED THAT IT WAS WORTHWHILE TO WAIT. SINCE WE WERE NOW ENGAGED IN A JOINT US/EC COMMISSION EFFORT TO ACHIEVE A SATISFACTORY SOLUTION, PEOPLE WOULD ASK WHAT ACTION SOAMES PLANNED TO ENSURE A FINAL AGREEMENT WITHOUT MUCH MORE DELAY.

11. SOAMES REITERATED HIS "GUT" FEELING THAT THE
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PAGE 02 EC BRU 03187 02 OF 02 171720Z

ARTICLE XXIV:6 ISSUE WOULD COME OUT ALL RIGHT IN THE END. HE HAD ALREADY TALKED TO MOST OF THE PERM REPS THAT MORNING. HIJZEN WOULD CONSIDER WHAT HE COULD USE- FULLY DO AT HIS LEVEL TO EXPEDITE AGREEMENT.

12. AS FAR AS US REPRESENTATIONS IN THE MEMBER STATES ARE CONCERNED, SOAMES SAID WE KNEW THE SITUATION BETTER THAN HE DID. HE WOULD ONLY SUGGEST THAT PUBLIC THREATS

OF RETALIATION WOULD NOT, IN HIS VIEW, BE HELPFUL. HE FELT THAT APPROACHES AT A HIGH POLITICAL LEVEL, POINTING OUT THE IMPORTANCE OF A SOLUTION TO US/EC RELATIONS WOULD BE MOST EFFECTIVE. HIJZEN AND HANNAY CAUTIONED ABOUT GETTING TOO DEEPLY INTO SPECIFIC COMMODITY ISSUES AND COUNTRY POSITIONS EXCEPT TO CLARIFY MATTER.

13. SOAMES CONCLUDED THE MEETING BY SAYING THAT HE PLANNED TO TELEPHONE AMBASSADOR EBERLE LATER IN THE DAY. HE ALSO INSTRUCTED THE EC COMMISSION PRESS SPOKESMAN ALONG THE FOLLOWING GENERAL LINES: THE NINE MINISTERS HAD PREVIOUSLY TAKEN A POLITICAL DECISION THAT THE XXIV:6 NEGOTIATIONS SHOULD BE CONCLUDED; THE US AND THE EC COMMISSION HAD HELD BILATERAL TALKS OVER A PERIOD OF TIME; IT IS ONLY RECENTLY THAT THE COMMISSION HAD CONSIDERED ITSELF IN A POSITION TO GO BACK TO THE MEMBER STATES WITH A FINAL PROPOSAL; THERE HAS BEEN AN INITIAL DISCUSSION IN THE PERM REPS AND THE DISCUSSION WILL CONTINUE ON MAY 21

14. FOLLOWING THE MEETING, HANNAY URGED THAT APART FROM ANYTHING ELSE WE MIGHT DO, WE APPROACH THE BELGIANS PROMPTLY AND VIGOROUSLY. AMBASSADOR STRAUZ-HUPE HAS ARRANGED TO SEE DAVIGNON AT 6:15 P.M. TODAY WITH AMBASSADOR GREENWALD. GREENWALD

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